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HOUSE OF REPRESENTATIVES

REPORT
100-96

NATIONAL QUALITY IMPROVEMENT ACT OF 1987

MAY 18, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROE, from the Committee on Science, Space, and Technology, submitted the following

REPORT

[To accompany H.R. 812]

[Including cost estimate of the Congressional Budget Office]

The Committee on Science, Space, and Technology, to whom was referred the bill (H.R. 812) to amend the Stevenson-Wydler Technology Innovation Act of 1980 to establish a National Quality Improvement Award, with the objective of encouraging American business and other organizations to practice effective quality control in the provision of their goods and services, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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The amendment to the text of the bill is a complete substitute therefor and appears in italic type in the reported bill.

The title of the bill is amended to reflect the amendment to the text of the bill.

91-006

H703-2

I. AMENDMENT

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Quality Improvement Act of 1987".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds and declares that—

(1) the leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation's productivity growth has decreased in relation to our competitors over the last two decades;

(2) American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally, and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability;

(3) strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of our Nation's economy and our ability to compete effectively in the global marketplace;

(4) improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products;

(5) the concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise;

(6) in order to be successful, quality improvement programs must be management-led and customer-oriented and this may require fundamental changes in the way companies and agencies do business;

(7) several major industrial nations have successfully coupled rigorous private sector quality audits with national awards giving special recognition to those enterprises the audits identify as the very best; and

(8) a national quality award program of this kind in the United States would help improve quality and productivity by—

(A) helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits,

(B) recognizing the achievements of those companies which improve the quality of their goods and services and providing an example to others,

(C) establishing guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts, and

(D) providing specific guidance for other American organizations that wish to learn how to manage for high qual-

ity by making available detailed information on how winning organizations were able to change their cultures and achieve eminence.

(b) PURPOSE.—It is the purpose of this Act to provide for the establishment and conduct of a national quality improvement program under which (1) awards are given to selected companies and other organizations in the United States that practice effective quality management and as a result make significant improvements in the quality of their goods and services, and (2) information is disseminated about the successful strategies and programs.

SEC. 3. ESTABLISHMENT OF NATIONAL QUALITY AWARD PROGRAM.

(a) IN GENERAL.—The Stevenson-Wydler Technology Innovation Act of 1980 is amended by redesignating sections 16, 17, and 18 as sections 17, 18, and 19, respectively, and by inserting after section 15 the following new section:

"SEC. 16. NATIONAL QUALITY AWARD.

"(a) ESTABLISHMENT.—There is hereby established a National Quality Award, which shall be evidenced by a medal bearing the inscriptions 'National Quality Award' and 'The Quest for Excellence'. The medal shall be of such design and materials and bear such additional inscriptions as the Secretary may prescribe.

"(b) MAKING AND PRESENTATION OF AWARD.—(1) The President (on the basis of recommendations received from the Secretary), or the Secretary, shall periodically make the award to companies and other organizations which in his judgment have substantially benefited the economic or social well-being of the United States through improvements in the quality of their goods or services resulting from the effective practice of quality management, and which as a consequence are deserving of special recognition.

"(2) The presentation of the award shall be made by the President or the Secretary with such ceremonies as he may deem proper.

"(3) An organization to which an award is made under this section, and which agrees to help other American organizations improve their quality management, may publicize its receipt of such award and use the award in its advertising, but it shall be ineligible to receive another such award in the same category for a period of 5 years.

"(c) CATEGORIES IN WHICH AWARD MAY BE GIVEN.—(1) Subject to paragraph (2), separate awards shall be made to qualifying organizations in each of the following categories:

"(A) Small businesses.

"(B) Companies or their subsidiaries.

"(C) Companies which primarily provide services.

"(2) The Secretary may at any time expand, subdivide, or otherwise modify the list of categories within which awards may be made as initially in effect under paragraph (1), and may establish separate awards for other organizations including units of government, upon a determination that the objectives of this section would be better served thereby; except that any such expansion, subdivision, modification, or establishment shall not be effective unless and until the Secretary has submitted a detailed description thereof to the Congress and a period of 30 days has elapsed since that submission.

"(3) Not more than two awards may be made within any subcategory in any year (and no award shall be made within any category or subcategory if there are no qualifying enterprises in that category or subcategory).

"(d) CRITERIA FOR QUALIFICATION.—(1) An organization may qualify for an award under this section only if it—

"(A) applies to the Director of the National Bureau of Standards in writing, for the award,

"(B) permits a rigorous evaluation of the way in which its business and other operations have contributed to improvements in the quality of goods and services, and

"(C) meets such requirements and specifications as the Secretary, after receiving recommendations from the Board of Overseers established under paragraph (2)(B) and the Director of the National Bureau of Standards, determines to be appropriate to achieve the objectives of this section.

In applying the provisions of subparagraph (C) with respect to any organization, the Director of the National Bureau of Standards shall rely upon an intensive evaluation by a competent board of examiners which shall review the evidence submitted by the organization and, through a site visit, verify the accuracy of the quality improvements claimed. The examination should encompass all aspects of the organization's current practice of quality management, as well as the organization's provision for quality management in its future goals. The award shall be given only to organizations which have made outstanding improvements in the quality of their goods or services (or both) and which demonstrate effective quality management through the training and involvement of all levels of personnel in quality improvement.

"(2)(A) The Director of the National Bureau of Standards shall, under appropriate contractual arrangements, carry out his responsibilities under subparagraphs (A) and (B) of paragraph (1) through one or more broad-based nonprofit entities which are leaders in the field of quality management and which have a history of service to society.

"(B) The Secretary shall appoint a board of overseers for the award, consisting of at least five persons selected for their preeminence in the field of quality management. This board shall meet annually to review the work of the contractor or contractors and make such suggestions for the improvement of the award process as they deem necessary. The board shall report the results of the award activities to the Director of the National Bureau of Standards each year, along with their recommendations for improvement of the process.

"(e) INFORMATION AND TECHNOLOGY TRANSFER PROGRAM.—The Director of the National Bureau of Standards shall ensure that all program participants receive the complete results of their audits as well as detailed explanations of all suggestions for improvements. He shall also provide information about the awards and the successful quality improvement strategies and programs of the award-winning participants to all participants and other appropriate groups.

"(f) FUNDING.—The Secretary is authorized to seek and accept gifts from public and private sources to carry out the program under

this section. If additional sums are needed to cover the full cost of the program, the Secretary shall impose fees upon the organizations applying for the award in amounts sufficient to provide such additional sums.

"(g) REPORT.—The Secretary shall prepare and submit to the President and the Congress, within 3 years after the date of the enactment of this section, a report on the progress, findings, and conclusions of activities conducted pursuant to this section along with recommendations for possible modifications thereof.".

(b) CONFORMING AMENDMENT.—Section 9(d) of such Act is amended by striking "or 16" and inserting "16, or 17".

Amend the title so as to read:

> A bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 to establish a National Quality Award, with the objective of encouraging American business and other organizations to practice effective quality control in the provision of their goods and services.

II. PURPOSE OF THE BILL

The purpose of the bill is to establish a National Quality Award program with the objective of encouraging American business and other organizations to improve the quality of their goods and services.

III. BACKGROUND AND NEED FOR LEGISLATION

Until a few decades ago, the U.S. was a world leader in quality, and that leadership provided us with a broad market for our products both domestically and overseas. In recent years, however, that leadership role has been challenged strongly by foreign competition and our Nation's productivity growth has fallen behind those of our competitors.

American business and industry are beginning to understand that poor quality costs companies the equivalent of 20 percent of sales revenues nationally, and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability. Commitment to excellence in manufacturing and services through strategic planning for quality and quality improvement programs is becoming more and more essential to the well-being of our Nation's economy and our ability to compete effectively in the global marketplace. This emphasis on excellence, good management practices, and high quality in manufactured products can be observed not only in Japan but in other parts of the Pacific Basin, such as Taiwan, Singapore, and South Korea.

In order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business. In an effort to regain the quality edge in many fields we have lost to Japan and several European nations, many experts have called for the creation of a national quality award to stimulate quality management in American industries. Such an award would parallel the Deming Prize awarded annually in Japan to the company

which does the best job of infusing quality throughout its organization. Japanese industry competes fiercely for this award. Companies know the average Japanese citizen pays attention to who wins and equates the award with the highest quality of products. Ironically, the Japanese prize was set up by an American, Dr. Edwards Deming, who was a major participant in the effort to get Japanese industry back on its feet after World War II. Dr. Joseph Juran and Dr. Edwards Deming began promoting a vision of quality in manufacturing that would change the world. Unfortunately, we in the United States were too prosperous and too set in our ways to be open to their ideas. While the United States fell into a system of planned obsolescence, the Japanese accepted the Juran/Deming emphasis on quality products and management.

Other countries are following Japan's lead. Australia has had a J.M. Juran Award since 1975; Margaret Thatcher has announced the British National Quality Campaign and the British Quality Award; and the French have instituted the Industrial Quality Prize.

IV. Legislative History

H.R. 812 was introduced on January 28, 1987 by Congressmen Walgren and Boehlert and referred to the Committee on Science, Space, and Technology. A hearing was held on March 4, 1987 by the Science, Research and Technology Subcommittee to consider the legislation. Based on recommendations received at the hearing, the Subcommittee drafted language changes which were incorporated into an Amendment in the Nature of a Substitute which was then reported by the Subcommittee on March 17, 1987. The bill was reported by the Committee on Science, Space, and Technology on May 13, 1987 by voice vote without further amendment. The bill now has 35 additional cosponsors.

The subject of a National Quality Award was first discussed legislatively on June 24 and 25, 1986 in Subcommittee hearings chaired by Mr. Walgren entitled "Federal Organization for Technology Innovation". Congressman Don Fuqua of Florida subsequently introduced the National Quality Improvement Act of 1986 on August 1, 1986, but no further action was taken on that bill.

V. Major Provisions of H.R. 812 as Reported

H.R. 812, as reported by the Committee on Science, Space, and Technology amends the Stevenson-Wydler Technology Innovation Act of 1980 (P.L. 96-480) by adding a new section which establishes a National Quality Award. The objective of the award is to encourage American business and other organizations to practice effective quality control in the provision of goods and services.

H.R. 812, as reported, reflects language changes recommended by Administration and private sector witnesses at the March 4th hearing. These changes more clearly state the reasons for a National Quality Award, direct the program primarily towards business, and instruct that the medal is to be inscribed with the motto, "The Quest for Excellence".

The award is to be made by the President or the Secretary of Commerce to those companies whose efforts by strategic planning

for quality and implementation of a quality improvement program has led to achievement of the highest level of overall quality in the opinions of the private sector quality experts who have audited the company under this program. While showing quality improvement is an important ingredient in selecting medalists, the judges also are to consider the level of quality exhibited within an organization at the time of implementation of its quality improvement program with the objective of not penalizing companies that were already doing business at a high level of quality before the award was established.

The awards are to be made in the categories of business or their subsidiaries, service companies, and small businesses. No more than two awards may be given under any one category. Companies of any size, including sole proprietorships, may compete in the general business or the service category. The small business category is created for the benefit of those small businesses which feel they do not have the resources to compete for an award against large companies. The Secretary, upon proper notification of the Congress, may expand the program to the public sector or create other new categories.

The bill includes a provision describing the application, evaluation, and compliance requirements, along with the duties of the Director of the National Bureau of Standards as the authorized overseer of the program.

There are no appropriated Federal funds involved. The funding, including the administrative costs of running the awards program, is to come from private contributions, or if necessary, from the fees assessed on the organizations applying for the award. The fee structure is to be set at a level which recovers the full costs of the audit program through which awardees are selected.

A report is required from the Secretary of Commerce to the President and the Congress after the program has been in effect for three years.

VI. Section-by-Section Analysis of H.R. 812

Section 1: The short title is the "National Quality Improvement Act of 1987."

Section 2: This section discusses Congress's findings and purposes for this legislation. It has become evident that the United States is losing its position of leadership in product and process quality to foreign competitors, lessening our growth in productivity. Poor quality leads to a weaker economy, loss of revenue, and a lower standard of living. To prevent this further erosion of our leadership, we need to improve quality, by means of strategic planning, applicable to large and small companies, service and manufacturing industries, in both the public and private sector.

One way to work for the quality and productivity improvement for American companies is by means of a national quality award program, a program already instituted in several major industrial nations. This award would stimulate American companies to improve quality and productivity, recognize those organizations that improve the quality of their goods, establish guidelines and criteria to be used by other companies for evaluating their products, and

provide guidelines for other American organizations on how to manage for high quality.

The purpose of this act is to establish a national quality improvement program by 1) giving awards to companies that practice effective quality control and thereby improve their products, and 2) disseminate information about successful strategies and programs for improving quality and effectiveness.

Section 3: This section sets up a national quality award program. This award will consist of a medal inscribed with the words "National Quality Award" and "The Quest for Excellence." The Secretary may prescribe the design and consistency of the award. The President, on the recommendation of the Secretary, will make the award to companies and other organizations who have improved the quality of their products and deserve recognition. The awards are to be made in the categories of small business, companies, and service companies. In any one year, no more than 2 awards may be given under any one subcategory.

The section also describes the process for receiving the award: application, evaluation, and compliance with requirements and specifications. The Director of the Bureau of Standards shall rely upon the evaluation of a company performed by a competent board of examiners who will visit the site of the organization and verify the improvements. The Director of the Bureau will publicize the results of this work as well as the improvement strategies for quality and productivity. The funding for the award program will come from gifts from public and private organizations, solicited by the Secretary and, if necessary, from the organizations applying for the award. After the program has been in effect for three years, the Secretary will report on its progress to the President and the Congress.

VII. Impact on Inflation

In accordance with Rule XI, Clause 2(l)(4), of the Rules of the House of Representatives, this legislation is assessed to have no adverse inflationary effect on prices and costs in the operation of the national economy.

VIII. Committee Oversight Findings and Recommendations

Pursuant to Rule XI, Clause 2(l)(3) of the Rules of the House of Representatives, under the authority of Rule X, Clause 2(b)(1) and Clause 3(f), the Committee's oversight findings and conclusions are reflected in the recommendations found in the present bill and report.

IX. Summary of Government Operations Committee Findings and Recommendations

No findings and recommendations on oversight activity pursuant to Rule X, Clause 2(b)(2) and Rule XI, Clause 2(l)(3), of the Rules of the House of Representatives, have been submitted by the Committee on Government Operations for inclusion in this report.

X. Budget Analysis and Projection

H.R. 812 provides no new budget authority or tax expenditures. Consequently, the provisions of section 308(a) of the Congressional Budget Act are not applicable.

XI. Congressional Budget Office Cost Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 15, 1987.

Hon. Robert A. Roe,
Chairman, Committee on Science, Space, and Technology,
Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed H.R. 812, the National Quality Improvement Award Act of 1987, as ordered reported by the House Committee on Science, Space, and Technology, May 13, 1987.

CBO estimates that enacting H.R. 812 would result in no significant additional costs to the federal government, based on information provided by the Department of Commerce. The bill would establish a National Quality Improvement Award for companies demonstrating substantial quality improvement. The entire award program, including administrative costs, would be funded by private contributions, or by a fee charged to applicants for the award.

No costs would be incurred by state or local governments from enacting this bill.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

Edward M. Gramlich,
Acting Director.

XII. Changes in Existing Law

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Stevenson-Wydler Technology Innovation Act of 1980

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SEC. 9. ADMINISTRATIVE ARRANGEMENTS.

(a) * * *

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(d) Cooperative Efforts.—The Secretary and the National Science Foundation shall, on a continuing basis, provide each other the opportunity to comment on any proposed program of activity under section 6, 8, 10, 14, **[**or 16**]** *16, or 17* of this Act before funds

are committed to such program in order to mount complementary efforts and avoid duplication.

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SEC. 16. NATIONAL QUALITY AWARD.

(a) ESTABLISHMENT.—There is hereby established a National Quality Award, which shall be evidenced by a medal bearing the inscriptions "National Quality Award" and "The Quest for Excellence". The medal shall be of such design and materials and bear such additional inscriptions as the Secretary may prescribe.

(b) MAKING AND PRESENTATION OF AWARD.—(1) The President (on the basis of recommendations received from the Secretary), or the Secretary, shall periodically make the award to companies and other organizations which in his judgment have substantially benefited the economic or social well-being of the United States through improvements in the quality of their goods or services resulting from the effective practice of quality management, and which as a consequence are deserving of special recognition.

(2) The presentation of the award shall be made by the President or the Secretary with such ceremonies as he may deem proper.

(3) An organization to which an award is made under this section, and which agrees to help other American organizations improve their quality management, may publicize its receipt of such award and use the award in its advertising, but it shall be ineligible to receive another such award in the same category for a period of 5 years.

(c) CATEGORIES IN WHICH AWARD MAY BE GIVEN.—(1) Subject to paragraph (2), separate awards shall be made to qualifying organizations in each of the following categories:

(A) Small businesses.

(B) Companies or their subsidiaries.

(C) Companies which primarily provide services.

(2) The Secretary may at any time expand, subdivide, or otherwise modify the list of categories within which awards may be made as initially in effect under paragraph (1), and may establish separate awards for other organizations including units of government, upon a determination that the objectives of this section would be better served thereby; except that any such expansion, subdivision, modification, or establishment shall not be effective unless and until the Secretary has submitted a detailed description thereof to the Congress and a period of 30 days has elapsed since that submission.

(3) Not more than two awards may be made within any subcategory in any year (and no award shall be made within any category or subcategory if there are no qualifying enterprises in that category or subcategory).

(d) CRITERIA FOR QUALIFICATION.—(1) An organization may qualify for an award under this section only if it—

(A) applies to the Director of the National Bureau of Standards, in writing, for the award,

(B) permits a rigorous evaluation of the way in which its business and other operations have contributed to improvements in the quality of goods and services, and

(C) meets such requirements and specifications as the Secretary, after receiving recommendations from the Board of Over-

seers established under paragraph (2)(B) and the Director of the National Bureau of Standards, determines to be appropriate to achieve the objectives of this section.

In applying the provisions of subparagraph (C) with respect to any organization, the Director of the National Bureau of Standards shall rely upon an intensive evaluation by a competent board of examiners which shall review the evidence submitted by the organization and, through a site visit, verify the accuracy of the quality improvements claimed. The examination should encompass all aspects of the organization's current practice of quality management, as well as the organization's provision for quality management in its future goals. The award shall be given only to organizations which have made outstanding improvements in the quality of their goods or services (or both) and which demonstrate effective quality management through the training and involvement of all levels of personnel in quality improvement.

(2)(A) The Director of the National Bureau of Standards shall, under appropriate contractual arrangements, carry out his responsibilities under subparagraphs (A) and (B) of paragraph (1) through one or more broad-based nonprofit entities which are leaders in the field of quality management and which have a history of service to society.

(B) The Secretary shall appoint a board of overseers for the award, consisting of at least five persons selected for their preeminence in the field of quality management. This board shall meet annually to review the work of the contractor or contractors and make such suggestions for the improvement of the award process as they deem necessary. The board shall report the results of the award activities to the Director of the National Bureau of Standards each year, along with their recommendations for improvement of the process.

(e) INFORMATION AND TECHNOLOGY TRANSFER PROGRAM.—The Director of the National Bureau of Standards shall ensure that all program participants receive the complete results of their audits as well as detailed explanations of all suggestions for improvements. He shall also provide information about the awards and the successful quality improvement strategies and programs of the award-winning participants to all participants and other appropriate groups.

(f) FUNDING.—The Secretary is authorized to seek and accept gifts from public and private sources to carry out the program under this section. If additional sums are needed to cover the full cost of the program, the Secretary shall impose fees upon the organizations applying for the award in amounts sufficient to provide such additional sums.

(g) REPORT.—The Secretary shall prepare and submit to the President and the Congress, within 3 years after the date of the enactment of this section, a report on the progress, findings, and conclusions of activities conducted pursuant to this section along with recommendations for possible modifications thereof.

SEC. [16.] *17.* PERSONNEL EXCHANGES.

The Secretary and the National Science Foundation, jointly, shall establish a program to foster the exchange of scientific and

technical personnel among academia, industry, and Federal laboratories. Such program shall include both (1) federally supported exchanges and (2) efforts to stimulate exchanges without Federal funding.

SEC. [17.] *18.* AUTHORIZATION OF APPROPRIATIONS.

(a) There is authorized to be appropriated to the Secretary for purposes of carrying out section 6, not to exceed $19,000,000 for the fiscal year ending September 30, 1981, $40,000,000 for the fiscal year ending September 30, 1982, $50,000,000 for the fiscal year ending September 30, 1983, and $60,000,000 for each of the fiscal years ending September 30, 1984, and 1985.

(b) In addition to authorizations of appropriations under subsection (a), there is authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act, not to exceed $5,000,000 for the fiscal year ending September 30, 1981, $9,000,000 for the fiscal year ending September 30, 1982, and $14,000,000 for each of the fiscal years ending September 30, 1983, 1984, and 1985.

(c) Such sums as may be appropriated under subsections (a) and (b) shall remain available until expended.

(d) To enable the National Science Foundation to carry out its powers and duties under this Act only such sums may be appropriated as the Congress may authorize by law.

SEC. [18.] *19.* SPENDING AUTHORITY.

No payments shall be made or contracts shall be entered into pursuant to the provisions of this Act (other than sections 11, 12, and 13) except to such extent or in such amounts as are provided in advance in appropriation Acts.

XIII. Committee Recommendation

H.R. 812 was ordered favorably reported on May 13, 1987, by the Committee by voice vote, a quorum being present.

XIV. Administration View

The Secretary of Commerce,
Washington, DC, May 13, 1987.

Hon. Doug Walgren,
Chairman, Subcommittee on Science, Research and Technology, Committee on Science, Space, and Technology, House of Representatives, Washington, DC.

Dear Mr. Chairman: Thank you for giving the Administration an opportunity to comment on the Committee's proposed markup of H.R. 812, which establishes the National Quality Award. The Administration supports this bill.

In explaining the President's reasoning for establishing a national goal of assuring American competitive preeminence into the next century, the White House announced that "(b)usiness must work more efficiently; setting high standards of quality; streamlining operations; discarding outmoded systems and management styles; adapting to change; and building on their tradition as entrepreneurs who saw a better way, had a better idea, worked a little harder." H.R. 812 seeks, with a minimum of Federal intrusion or cost, to encourage effective quality management and, as such, is en-

tirely consistent with the President's objectives. Indeed, your staff's proposal to adopt the President's own theme of "A Quest for Excellence" as the medal's inscription reflects clearly that this is a goal shared by our respective branches.

H.R. 812 takes yet another step in encouraging American businesses to improve the quality of their goods and services, and does so without throwing a lot of dollars around indiscriminately at programs of unproven worth. We have to encourage American executives to get out of their boardrooms and onto the factory floor to learn how their products are made and how they can be made better.

Turning to the bill itself, I agree with you that the focus should be on awards to business rather than to state and local governments. The public services they provide to their citizens are of a different nature. I also agree that the program should be run out of the National Bureau of Standards (NBS). The program will fail if the awards are perceived as politically motivated to reward favored companies or generous contributors, but NBS's reputation is sufficient to end any such accusation. For the same reason, I agree that audits should be performed by external contractors.

Sincerely,

MALCOLM BALDRIGE,
Secretary of Commerce.

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